

MR. BRISCOE: Representative Joel Briscoe of Utah House of Representatives. I appreciate you allowing me to speak. My research on the current coal rail structure causes me -- gives me strong concerns. I'm concerned about transparency, I'm concerned about the cost of administration, I am concerned about fair returns. I have read some research that suggests there are alternatives to how we're currently doing coal leasing. Why would we want to look at alternatives? The report, looking at coal royalty payments across the United States on federally-leased lands from 2008 to 2012, suggests that the Federal Government is not receiving a fair return for taxpayers. They calculated the average, current effective rate of royalty payments of 4.9 percent, but that's without bonus payments. This is short of the statutory 12.3 percent and lower than the effective rates paid by oil and natural gas. As we look at how to structure or restructure these payments in a time of great change, I think it's unfortunate that we're sending inaccurate price signals to the market, even though it's been very disruptive for the lives of many of the people and the families sitting behind me. It's not good for us or for anyone to be sending false signals and encouraging things that are not being appropriately paid for. The estimate of this report estimates that taxpayers lost \$850 million in royalty payments between 2008 and 2012. There are several things we could do. We could do the valuation at the point of sale rather than the mine. We could reduce the amount of deduction for transportation. Research they've done suggested that money they might -- small amounts of money that might be used could be made up for and federal taxes back -- Utah, they estimate, would be -- in state taxes would gain over \$920,000. And the effects on coal production would be minimal, 0 to 1 percent. This is a difficult issue. There are a lot of important issues on all sides. I hope you will weigh them all, but fairness and transparency and not subsidizing are important issues that I hope you will take into account. Thank you very much.